The Auditor of the City and County of Denver is independently elected by the citizens of Denver. He is responsible for examining and evaluating the operations of City agencies and contractors for the purpose of ensuring the proper and efficient use of City resources and providing other audit services and information to City Council, the Mayor, and the public to improve all aspects of Denver’s government.

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Report number: A2016-013
AUDITOR'S REPORT

We have completed an audit of the Department of Parks and Recreation’s (DPR’s) permitting processes. The objective of the audit was to evaluate how well the Parks Permitting program supports quality customer service, including the accessibility and equity of the process, for residents and others who seek to reserve parks and other facilities in the City and County of Denver.

As described in the attached report, our audit revealed that DPR can do more to understand Parks Permitting customer satisfaction, ensure optimal cost recovery, and promote the transparency of parks permitting protocols.

Through better collection and analysis of program performance and customer satisfaction information, regular evaluation of fees and cost recovery goals, and enhanced transparency of program policies and procedures, the Parks Permitting program will be better positioned to help DPR understand the customers it serves and do so transparently with the appropriate mix of funding sources. Our report lists several related recommendations.

This performance audit is authorized pursuant to the City and County of Denver Charter, Article V, Part 2, Section 1, General Powers and Duties of Auditor, and was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We extend appreciation to DPR and the personnel who assisted and cooperated with us during the audit.

Timothy M. O’Brien, CPA
Auditor

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April 20, 2017
HIGHLIGHTS

The audit found that the Parks Permitting program can do more to understand customer satisfaction, ensure optimal cost recovery, and promote the transparency of parks permitting protocols.

**Customer Satisfaction**—A central tenet of DPR’s mission is dedication to customer satisfaction. However, we determined that the Parks Permitting program is not sufficiently collecting and analyzing information about all permit types on a consistent basis to clearly understand how well the program is performing. We also found that the overarching goal of the Parks Permitting program does not reference customer service and does not specify how permit issuance should be executed from the standpoint of the customer. Similarly, the program’s performance measures are output oriented—tracking the number of permits issued and the number of hours that athletic fields are used—and do not track whether permits were issued efficiently or if customers were satisfied with their experience. Without seeking to better understand performance from multiple angles, the Parks Permitting program cannot adequately assess the effectiveness and efficiency of its processes.

**Cost Recovery**—From a financial perspective, our audit work provided assurance that DPR appears to have developed the appropriate internal controls to govern fee collection, reducing opportunities for fraud. However, we found that DPR has not undertaken a comprehensive review of its parks permitting fees since 2012, nor established timeframes for reviewing and adjusting fees to achieve cost recovery. Without assessing the cost recovery of parks permitting fees on a periodic basis, DPR is limited in its ability to ensure that parks permitting fees are set at an optimal level to meet DPR’s cost recovery goals.

**Policies and Procedures**—Finally, our audit looked at the transparency and accuracy surrounding the protocols that the public must follow to obtain park and recreation permits. Although the Permit Administrator has made several improvements in recent years to remedy some of the confusion experienced by permit seekers when navigating the Department’s park permitting rules and regulations, two further initiatives—the implementation of a comprehensive athletic policy and the alignment of Parks Permitting policies with City code—still need to be finalized.

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**REPORT HIGHLIGHTS**

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BACKGROUND

Department of Parks and Recreation Overview

The Department of Parks and Recreation (DPR) is one of the City and County of Denver’s (City’s) largest departments, providing a broad range of programs, services, facilities, and park amenities within the City as well as in neighboring Douglas, Jefferson, and Clear Creek counties. DPR manages more than 6,000 acres of urban parks, 14,000 acres of mountain parks, 80 miles of trails, 24 lakes, 8 golf courses, 9 off-leash dog parks, over 300 athletic fields, 27 recreation centers, and 29 pools. More than 1 million residents and visitors enjoy these recreational amenities each year, contributing to the health and sustainability of the City.\(^1\)

The Denver City Charter delegates to DPR the duty and power to manage, operate, and control all facilities owned by the City for park and recreational purposes. This authority includes the power to promulgate and enforce rules and regulations to carry out the management, operation, control of these facilities, and governs the following activities:

- Preservation of property, vegetation, wildlife, signs, markers, buildings or other structures, and any object of scientific or historic value or interest;
- Restricting or limiting time, manner, or permitted activities of any area;
- Prohibition of conduct that may interfere with the use and enjoyment of park and recreation areas;
- Necessary sanitary, health, and safety measures;
- Camping and picnics, including place, time, and manner where such activities are permitted;
- Use of motor vehicles and boats, including the place, time, and manner of operation;
- Control and limitation of fires and designation of places where fires are permitted; and
- Requirements essential for the preservation and management of the park and recreation system.\(^2\)

DPR’s authority as outlined in the Charter is expanded upon in the Denver Revised Municipal Code (D.R.M.C.), which contains more descriptive provisions pertaining to the operations of scheduled events, golf tournaments, fees and charges, use of historic and other structures located in parks, natural areas, and greenways.\(^3\)

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1 Mayor’s 2017 Budget.
2 Denver City Charter, §2.4.4(A).
Department of Parks and Recreation’s Mission and Strategic Goals

The Mayor’s budget includes the mission, strategic goals, and performance measures that DPR uses to monitor and evaluate departmental performance. This information characterizes DPR as a steward of Denver’s legacy with a mission that emphasizes dedication “to customer satisfaction and enhancing lives by providing innovative programs and safe, beautiful, sustainable places.”

In 2003, the City adopted a master plan called the Game Plan: Creating a Strategy for our Future (Game Plan) to identify long-term, mission-driven goals and approaches designed to guide DPR’s budget, capital development, policy decisions, and collaboration with other City agencies, organizations, and businesses.

Department of Parks and Recreation’s Organizational Structure

The Department is led by the Executive Director of Parks and Recreation, who is appointed by the Mayor and presides over the operations of DPR’s four divisions: Parks and Planning, Administration, Recreation, and the Golf Enterprise Fund. The Administration Division provides overall strategic leadership for DPR, with an emphasis on sustainability, equity, and strong economics. Specifically, the Administrative Division is responsible for policy development; establishment of agency goals, objectives, and guidance; public engagement; media relations; financial management; and contract administration and monitoring. As shown in Figure 1, the Administration Division is also responsible for managing the Parks Permitting program.

**Figure 1.** Department of Parks and Recreation Organizational Chart

Source: Department of Parks and Recreation.
Parks Permitting Program Overview

The Parks Permitting program is managed by the Permit Administrator and six full-time employees. In 2016, the Parks Permitting program received approximately $687,000, or less than 1 percent of DPR’s $92 million budget, to support programmatic operations and generated more than $2.1 million in revenue from permitting fees. Figure 2 shows funding levels for Parks Permitting over the last five years, indicating the split between General Fund and special revenue fund contributions.

FIGURE 2. Parks Permitting Funding Levels, Fiscal Years 2012 – 2016

Source: City and County of Denver Auditor’s Office analysis of the Mayor’s Budget information, 2012 through 2016.

Notes: The amounts shown for the General Fund for 2016 are based on appropriated funding levels, as opposed to the actual expenditures reported for 2012 through 2015. Appropriated funds are those set aside or delegated for the necessities of operations. Expenses related to the Chief Hosa Campground have been excluded from the amounts shown in Figure 2. Although the Chief Hosa Lodge is an event facility that is part of the Parks Permitting program, the Chief Hosa Campground is used for other Department of Parks and Recreation programs. The Event Facility Special Revenue Fund increased by more than $91,000 in 2015 from 2014. DPR officials explained that this increase was due to a project to replace the floor of the Washington Park Boathouse during 2015, which incurred expenses of approximately $105,000.

Permits Issued by the Parks Permitting Program

As listed in detail in Appendix A, the program issues 11 different types of permits to individuals and organizations for a variety of activities and gatherings to take place in City parks and other venues. Three of the more common reasons for obtaining a permit are as follows:

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4 The Event Facility Special Revenue Fund provides funds to operate, maintain, and improve facilities at six event facilities and is funded by fees generated at those facilities, which include the Chief Hosa Lodge and Campground; Washington Park Boathouse; City Park Pavilion; The Molkery (also referred to as the Montclair Civic Building); and the concession building at Stapleton Central Park. Beyond the operation, maintenance, and improvement of the event facilities, monies from the Event Facility Special Revenue Fund are not used to support other Parks Permitting program activities.
• **Athletic Field and Court Use** - An athletic permit is required for use of a City park to play a variety of sports, including softball, soccer, tennis, football, lacrosse, rugby, and more. Individuals and organizations can reserve fields and courts for regular league play and tournaments both for youth and adult participants.

• **Events** - City parks and event facilities may be used, with a permit, for special occasions, public or admission-based events, and public assemblies. Special occasions are defined as private, invitation-only events such as weddings and family reunions. Public events are open to the public and include walks, races, rides, and festivals, while admission-based events require a ticket for entry. Public assemblies are gatherings where people come together peacefully to express their ideas under the First Amendment of the United States Constitution. Event organizers may choose from many of the City’s parks, within capacity limitations, and often choose to reserve one of six City event facilities—City Park Pavilion, Central Park Pavilion, Fleming Mansion, Montclair Civic Building, and Washington Park Boathouse—or Chief Hosa Lodge, which is located 30 minutes west of Denver in the mountains.

• **Picnics** - Many City parks have picnic sites and shelters that can accommodate between 25 and 150 people. Denver’s mountain parks can accommodate even more. Different sites offer different nearby amenities, including grills, electrical outlets, public restrooms, playgrounds.

**Permit Seasons**

Due to seasonal variability, certain activities can damage fields and other park spaces during certain times of the year. Accordingly, the Parks Permitting program established multiple permit seasons for different permit types, as follows:

• **Athletic Permit Seasons** - Athletic permits are available in three seasons each year: Fall (August through November), Winter (November through March), and Spring/Summer (March through August).

• **Picnic Permit Seasons** - Picnic permits are categorized by site location, either urban (April through October) or mountain (May through September).

• **Private Outdoor Fee-Based Activity Seasons** - Private Outdoor Fee-Based Activity (POFA) permits are issued for two seasons: April through September and October through March. A POFA is described as a class, clinic, camp, or guided activity that is offered by the permittee who receives payment for their services. An example of a POFA would be a yoga class or fitness boot camp taking place in a park and being run by an organization not affiliated with the City.

• **Public Events, Event Facilities, and Special Occasions Season** - Finally, permits for public events, certain event facilities, and special occasions follow a different permit season, which starts on November 1 every year.5 On November 1, applicants may apply online or

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5 Leading up to November 1 each year, Parks Permitting program staff prepare the inventory of park sites and event facilities available for reservation. Staff also identify times when park sites and event facilities will be unavailable for permitted activities, including park closures and rest dates. Furthermore, program staff reserve dates for City-affiliated events and for permit holders who have historical priority status. Prior to 2016, historical priority status applied to permit holders who held a recurring public event, for two or more consecutive years, at the same park or event site. In 2016, DPR revised the historical
in person to reserve event facilities, depending on the details of the request. For special occasions and public events, applicants must apply in person, as these events are more complicated and may involve multiple park sites and event facilities. For these permit applications, Parks Permitting program staff must review event details with the applicant to determine whether the size and type of the activity will be compatible with site capacity, restrictions, and amenities.

All other permits do not follow a permit season, so the Parks Permitting program will accept applications at any time during the year online, in person, or by email.

Cost Recovery Is a Common Approach to Financially Supporting Parks and Recreation Agencies

In general, government operations are funded through tax revenue, but some governmental functions seek to take in additional revenue through fees. This fiscal strategy is known as cost recovery, whereby an agency collects fees and other charges to offset some of the costs of providing programs and services. As a result, the costs of the agency’s programs and services are not being funded completely by taxpayers, some of whom may not be benefitting from the programs and services. Cost recovery promotes the idea that individuals taking the greatest advantage of a service, pay for at least a portion of it. This is common for parks and recreation agencies. Cost recovery does not imply, however, that all costs should be fully recovered. Agencies determine the appropriate mix of funding through tax revenues, user fees, and other sources that is most appropriate for their program and each of their service offerings.

Cost recovery is central to DPR’s business model and resource management approach. DPR’s current cost recovery model was established through the Department’s Resource Allocation and Priorities Plan (RAPP), which was finalized in 2013. DPR’s cost recovery philosophy recognizes that costs should be recovered at different rates depending on the extent to which the community may benefit from the program or service provided. For example, DPR’s programs and services with mostly individual benefits have higher cost recovery goals than services with mostly community benefits.

Priority status designation to apply to permit holders who held a recurring public event for three or more consecutive years, at the same location. For example, a permit holder who conducts a public event in 2016 can acquire historical priority status, if that permit holder conducts the same event, at the same location, during the same date, weekend, or holiday in 2017 and 2018.
OBJECTIVE

The objective of this audit was to examine the efficiency and effectiveness of the Department of Parks and Recreation’s (DPR’s) permitting process. This audit evaluated how well the process supports quality customer service, including the accessibility and equity of the process for residents and others who seek to reserve parks and other public facilities in the City and County of Denver.

SCOPE

During our examination of the efficiency and effectiveness of DPR’s permitting process, we assessed the extent to which the Parks Permitting program’s policies and procedures align with applicable legal requirements, leading management practices, and professional standards. We also examined DPR’s management of City resources through the parks permitting process, including an analysis of operational and financial data trends. Finally, we reviewed the steps that DPR has taken to evaluate the performance of the Parks Permitting program, including steps to assess customer service delivery. For this audit, we obtained and analyzed DPR documents and data, including performance and workload data from 2011 through 2016.

METHODOLOGY

We applied multiple methodologies to gather and analyze information pertinent to the audit scope. Specifically, to assess the extent to which Parks Permitting program policies and procedures align with applicable legal requirements, leading management practices, and professional standards, we applied the following methodologies:

- Reviewed the Denver City Charter, the Denver Revised Municipal Code (D.R.M.C.), pertinent regulations, and other documents establishing legal requirements for DPR and the Parks Permitting program to determine whether resources are being used in compliance with laws, regulations, and other legal requirements.
- Reviewed leading management practices to determine whether DPR practices align with applicable guidance.
- Reviewed professional parks and recreation standards and guidance, such as from the National Recreation and Parks Association (NRPA), to determine whether opportunities exist to improve resource allocation and customer service delivery.
- Observed selected Parks Permitting program activities, including the annual reservation process, to obtain contextual information about the extent to which they support quality customer service, including the accessibility and equity of the process for residents and others who seek to reserve parks and other public facilities.
- Interviewed DPR officials, Denver Parks and Recreation Advisory Board (PRAB) members, and other subject matter experts to identify contextual factors affecting the Parks Permitting program’s adherence to applicable laws, leading management standards, and professional standards.
Next, to examine DPR’s management of City resources through the parks permitting process, including analysis of operational and financial data trends, we applied the following methodologies:

- Analyzed Parks Permitting program operational and financial data to identify trends and anomalies
- Compared Parks Permitting practices for assessing and collecting program fees with internal control standards and other leading management practices
- Compared DPR’s process for parks permitting fee setting and cost recovery practices to program policies, leading management practices, and professional standards
- Interviewed DPR officials to identify contextual factors contributing to trends and anomalies identified in the parks permitting operational and financial data analyzed

Finally, to evaluate the steps DPR has taken to evaluate the performance of the Parks Permitting program, including steps to assess customer service delivery, we applied the following methodologies:

- Reviewed Parks Permitting program documents to determine how managers evaluate program performance
- Analyzed Parks Permitting program performance data to identify trends and anomalies
- To determine whether gaps exist in Parks Permitting program’s evaluation of its performance, we compared the Parks Permitting performance program’s evaluation approach to:
  - Leading management practices for program evaluation
  - Standards for streamlining service delivery and improving customer service
  - Professional standards established by the NRPA and others, to the extent applicable
- Interviewed DPR officials, PRAB members, and other subject matter experts to identify contextual factors affecting the performance of the Parks Permitting program.
FINDING

The Parks Permitting Program Can Do More to Understand Customer Satisfaction, Ensure Optimal Cost Recovery, and Promote Transparency

The City’s Parks Permitting program, within the Department of Parks and Recreation (DPR), plays a vital role in facilitating public use of Denver’s many parks and recreational facilities. In our assessment of how the program carries out its duties, we found that the program can be doing more to carry out a central tenet of DPR’s mission, which is dedication to customer satisfaction. Specifically, we determined that Parks Permitting does not have a systematic framework for evaluating the program’s performance through performance measures as well as by gathering and analyzing customer service information. Regarding the fees that users pay for use of City parks and event facilities, we found that although the underlying fee collection practices appear sound, DPR is not regularly evaluating whether the fee amounts are meeting the Department’s cost recovery goals. Additionally, we found that although the Parks Permitting program has made recent efforts to improve the transparency of its procedures, additional opportunities exist to enhance the accuracy and clarity of program protocols—including alignment with applicable laws. By enhancing these areas, Parks Permitting will be better positioned to help DPR understand the customers it serves and do so transparently with the appropriate mix of funding sources.

The Parks Permitting Program Is Not Sufficiently Gathering or Analyzing Information Regarding Its Performance and Customer Satisfaction

During our assessment of how the Parks Permitting program ensures quality customer service, we first sought to identify the overarching goals of the program and any procedures that are in place to make and measure progress toward achieving those goals. Such elements are common in any performance management framework and are required as part of the City’s budget process. We found that some key elements are in place for Parks Permitting, including a program goal, strategies to achieve that goal, and measures to describe related performance. However, based on our comparison to best practices, we determined that the goal and performance measures lack the necessary outcome-oriented details that are essential to understanding the quality of services received. We also identified areas where the elements of the Parks Permitting program’s performance management framework could be better aligned.

What Is the Primary Goal of the Parks Permitting Program? - Parks Permitting has one overarching program goal, which is, put simply, to issue permits. This program goal was established by DPR management, which also establishes programmatic goals for other units within the Department. These goals are included in the Mayor’s budget every year for all City agencies.

In addition to the program goal, DPR established three strategic objectives that outline courses of action that Parks Permitting staff will take to achieve the program goal. DPR has also identified performance measures for key program deliverables. Table 1 describes in detail the program goal, associated strategies, and relevant performance measures for the Parks Permitting program.
### TABLE 1. Parks Permitting Program – Program Goal, Strategies, and Performance Measures

<table>
<thead>
<tr>
<th>Program goal</th>
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<tbody>
<tr>
<td>• To issue permits to individuals and organizations for picnic sites, athletic fields, tennis courts,</td>
</tr>
<tr>
<td>assemblies, special events, special occasions, film, admission-based events, and performance stage</td>
</tr>
<tr>
<td>use, as well as revocable food and beverage vending permits. Parks Permitting also provides</td>
</tr>
<tr>
<td>reservations for event facilities, such as the Chief Hosa Lodge, City Park Pavilion, Central</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Strategies</th>
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<tbody>
<tr>
<td>• Implement new Public Event Rules and Regulations.</td>
</tr>
<tr>
<td>• Develop policies, rules and regulations for athletic fields and tennis court use.</td>
</tr>
<tr>
<td>• Conduct fee analysis to maintain balance between public use and market position.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Performance measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Number of picnic permits issued</td>
</tr>
<tr>
<td>• Number of festivals, events, and special occasions issued</td>
</tr>
<tr>
<td>• Number of hours used by internal and external youth and adult groups related to athletic fields</td>
</tr>
<tr>
<td>and tennis courts</td>
</tr>
</tbody>
</table>

Source: City and County of Denver Auditor’s Office analysis of the Mayor’s Budget (2017).

Note: In addition to the strategies outlined in Table 1, the 2017 Mayor’s Budget identifies an additional strategy regarding the examination and growth of outside funding sources and partnerships. DPR officials explained that this strategy applies to other areas of DPR’s Administrative Division, and does not apply to Parks Permitting program operations.

The audit team identified limitations in the alignment of the elements outlined in Table 1 as well as a general lack of consideration for program outcomes in their design.

### Program Goal Does Not Incorporate Service Delivery Elements

The Parks Permitting program goal directs the program to issue permits for locations, events, and vending services as well as to provide reservations for the City’s event facilities. The audit team identified two primary limitations of this goal. First, it does not reflect the language or spirit of DPR’s mission, which is as follows: “As stewards of Denver’s legacy, the Department of Parks and Recreation (DPR) is dedicated to customer satisfaction and enhancing lives by providing innovative programs and safe, beautiful, sustainable places.” The Commission for Accreditation of Parks and Recreation Agencies (CAPRA) has established a standard that addresses the importance of an agency’s goals connecting to its overall mission. Standard 1.4.1 states: “There shall be established, measurable goals and objectives for the agency and for each organizational component within the agency. Such goals and objectives shall be directed toward accomplishing the agency mission.”

The primary goal of the Parks Permitting program does not reflect the dedication to customer satisfaction that is central to the mission of the Department of Parks and Recreation.

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6 National Recreation and Parks Association’s Committee for the Accreditation of Parks and Recreation Agencies, *National Accreditation Standards, Fifth Edition*, (July 2015). The CAPRA standards list requirements for obtaining accreditation related to operation and service. Such include emphasis on documenting policies and procedures to increase efficiencies of operation.
This lack of specificity directly ties to the second limitation we noted, which is that the Parks Permitting program goal is not outcome oriented. The program goal only states that Parks Permitting will issue permits; it does not specify the desired results of the efforts undertaken to issue permits. Guidance from the federal government underscores the importance of connecting agency goals to desired outcomes. Specifically, Congress passed the Government Performance and Results Act (GPRA) in 1993 due to concerns that the federal government was more focused on program activities than on the results to be achieved through those activities. GPRA requires that all federal agencies develop strategic plans, and it specifies that the goals within those plans must define the level of performance to be achieved by a program activity and that they be expressed in an objective, quantifiable, and measurable form.\(^7\) The Parks Permitting program goal does not include this type of detail.

**Output-Based Parks Permitting Performance Measures Do Not Align with Strategies**

The other area where we found limitations in the Parks Permitting program’s performance management framework was with its performance measures. A comprehensive evaluation framework would align performance measures with the program goal and strategies; we do not see such alignment among the goal, strategies, and performance measures that DPR has established for the permitting function. For example, it is unclear how existing measures—such as the “number of picnic permits issued” or “number of festivals, events, and special occasion permits issued”—can be used to assess progress toward existing strategies, including implementing and developing policies, rules, and regulations for public events, athletic fields, or tennis courts.

Further, the three established performance measures address only the volume of services delivered, which are considered “outputs,” as opposed to addressing the results of those services, which are considered “outcomes.” As shown in Table 1, the performance measures established by DPR for the Parks Permitting program track the number of permits issued and use hours of athletic fields and tennis courts by youth and adult groups. These numbers alone do not provide insight on the quality of related services or experiences.

**Other Parks Permitting Program Evaluation Activities Are Underway**

When asked about these shortcomings in the performance evaluation framework, DPR officials explained that a variety of activities are either routinely occurring or are underway, which may mitigate some of the risk inherent in not assessing performance outcomes.

- **Internal Evaluation Mechanisms** - DPR officials explained that the Parks Permitting program goal, strategies, and performance measures were developed as part of the budget process and do not reflect the entirety of the Department’s program evaluation efforts. DPR management explained that they use other mechanisms to evaluate the Parks Permitting program’s operations. The Permit Administrator elaborated that the program relies on a “Response Chart” to identify and summarize key administrative milestones for various permitting activities and to manage program workload. The Permit Administrator also uses this tool to evaluate program effectiveness and efficiency.

\(^7\) Government Performance and Results Act (GPRA, 1993; Pub.L. 103-62).
by conducting periodic case file reviews to ensure accurate and timely issuance of permits. The Permit Administrator and program staff also meet with park rangers periodically to monitor park user compliance with park use rules and regulations, including assessing the number and type of citations issued and other matters that may adversely impact the City’s parks or event facilities.

- **Strategic Plan Is Being Updated** – The Permit Administrator explained that DPR is taking steps to update its strategic plan and improve alignment between departmental goals and programmatic operations. Specifically, DPR is revising its 2003 master plan—known as the Game Plan—as part of a new initiative called Denveright. This effort will include revising long-term goals and approaches to guide the Department’s budget, capital development, policy decisions, and collaboration with other City agencies, organizations, and businesses.

- **DPR Recently Developed Guiding Principles** – In 2016, DPR established a set of guiding principles to ensure that the Department’s work activities are aligned with the goals established in the Game Plan and with mayoral priorities. DPR officials stated that the Executive Director has instructed each of the Department’s operating divisions to establish division goals, programmatic goals, and performance measures that correspond with the Department’s guiding principles, including performance targets for frontline staff. The Permit Administrator is participating in this strategic planning effort, which remained in progress at the end of audit fieldwork.

In carrying out these activities and addressing the shortcomings identified by this audit, it would be instructive for the Parks Permitting program to consider guidance on performance evaluation established by the Commission for Accreditation of Park and Recreation Agencies (CAPRA). CAPRA defines evaluation as “systematic processes” that park and recreation professionals can use to better understand the impact of their efforts on the communities they serve. Organizations like DPR can leverage the knowledge obtained from evaluations to demonstrate the value of the services provided; track progress toward implementing master plans and strategic initiatives; and support programming decisions.8 A more robust evaluation framework, supported by CAPRA standards, might involve the following activities:

- Develop procedures for tracking and monitoring data trends
- Measure performance against targets linked to achievement of goals and objectives
- Measure the outcomes of programs, services, and facilities to assess the operational effectiveness of the organization
- Include data gathered from both quantitative and qualitative sources
- Include a level of service standard that measures the amount and kind of service required to meet the needs of customers

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Without an outcome-oriented program goal or an effective evaluation framework, which includes a suite of performance measures that align with departmental and programmatic goals and strategies, DPR cannot adequately assess the effectiveness and efficiency of its parks permitting processes.

**RECOMMENDATION 1.1**

The Executive Director of the Department of Parks and Recreation should revise the Parks Permitting program goal to make it outcome oriented, and consistent with the Department’s mission, reflect a commitment to customer satisfaction and quality service delivery.

*Agency Response: Agree, Implementation Date – September 30, 2017*

**RECOMMENDATION 1.2**

The Executive Director of the Department of Parks and Recreation should develop a suite of balanced performance measures that will allow DPR to monitor data trends and assess programmatic performance against targets linked to organizational goals and objectives.

*Agency Response: Agree, Implementation Date – September 30, 2017*

**The Parks Permitting Program Does Not Sufficiently Collect and Analyze Information on the Customer Experience**

In addition to the limitations posed by its performance measures, the Parks Permitting program does not have a mechanism for systematically collecting and analyzing comprehensive information about the customer experience. Currently, staff rely on customer emails, telephone calls, and responses to surveys that are sent out after picnic and event facility use to obtain information about customer satisfaction. The Permit Administrator stated that program staff have used this information to improve program operations in some areas. For example, some recent enhancements include:

- **Consistent Communication**—Parks Permitting personnel explained that they have received some customer complaints regarding inconsistent communication about the permitting process and permit requirements. In response, the Permit Administrator and program staff developed several different pre-written email messages for use by Parks Permitting personnel and revised the language on the permits to provide customers with clear, factually accurate information, regardless of which employee they are receiving the information from.

- **Enhanced Call Routing**—The Permit Administrator enhanced the program’s call answering protocol by recording detailed information, which callers may listen to before being routed to a live person for assistance. When listening to the recording, callers are offered a menu of options by permit type. According to the Permit Administrator, callers are now more likely to obtain the answers they need more quickly than when they had to wait for a return call.
In addition, the Permit Administrator stated that the program has relied on customer feedback to initiate improvements to the program website and permit application to streamline and clarify the information presented. However, DPR officials were unable to provide auditors with documented evidence of how these measures have improved the customer experience.

These examples underscore the power of customer feedback: understanding shortcomings in service can prompt meaningful improvements and create internal efficiencies. However, Parks Permitting program customer feedback is only channeled through a few avenues and is not systematically collected for all permit types on a consistent basis. By expanding both the vehicles for collecting information and the population from which the information is collected, the Parks Permitting program will be positioned to make even further improvements to the customer experience.

The audit team also noted that the Parks Permitting program is not systematically analyzing the limited information taken in regarding the customer experience. For example, Parks Permitting recently started sending a survey to all event facilities users after events to gather information about their event experience. Respondents are asked to rate their satisfaction in a number of areas, including the amenities, cleanliness, equipment, reservation process, and price. Analyzing the average scores for each area and connecting those scores to specific facilities would reveal trends that could then be used to inform operational improvements. Additionally, Parks Permitting program staff could track responses over time to reveal any trends, either positive or negative.

CAPRA standards highlight the importance of collecting and evaluating information from customers about the quality of an organization’s programs, services, and facilities from the user perspective. The standards specifically suggest that an agency like Parks Permitting incorporate any number of information gathering vehicles, including customer comment cards, secret mystery shopper surveys, user satisfaction surveys, program evaluations, or focus groups.

In the absence of robust information about the satisfaction of Parks Permitting program users, program administrators will be limited in their ability to fully understand the impact of their efforts and make operational changes that truly fulfill the Department’s commitment to customer satisfaction and mission of enhancing lives through a safe, beautiful, and sustainable park and recreation system.

**RECOMMENDATION 1.3**

The Executive Director of the Department of Parks and Recreation should strengthen its evaluation of customer satisfaction by systematically collecting and analyzing information about the quality of all Parks Permitting program services and facilities from the user perspective and regularly use this information to improve program operations and the customer experience.

*Agency Response: Agree, Implementation Date – December 31, 2017*
DPR Does Not Regularly Evaluate Whether Parks Permitting Fees Are Meeting Cost Recovery Goals

As explained in the Background section of this report, cost recovery is central to DPR’s business model and resource management approach. Accordingly, we sought to examine how fees are assessed, collected, and reviewed by the Parks Permitting program. Our examination yielded both assurance regarding fee collection practices as well as an area of concern about the frequency with which the fee levels are evaluated.

Parks Permitting Fee Collection Practices Appear to Be Sound

In looking at the financial controls surrounding DPR’s collection of parks permitting fees, we found that DPR has developed and implemented appropriate internal controls that appear to be working effectively. The practices governing how Parks Permitting assesses fees for permits and the collection of those fees follow the City’s Fiscal Accountability Rules (FARs).9 For example, Parks Permitting personnel maintain an appropriate segregation of duties in the following areas:

- Processing permit fee transactions
- Making bank deposits of monies collected for fees
- Posting accounting entries to document fee collection
- Reconciling account activity

By assigning different personnel to carry out each of these steps, DPR ensures that fees are accurately collected, recorded, deposited, and reconciled in such a way that reduces opportunities for fraud.

We also looked at the procedures that Parks Permitting has in place for documenting fee transactions. Specifically, we tested a judgmental sample of 36 Parks Permitting program transactions that were conducted during 2015 and 2016. We found that the source documentation properly supported all selected transactions in accordance with the FARs.

Despite the assurance that we obtained regarding how Parks Permitting handles permit fee payments, we do have concerns, in the context of cost recovery, related to how DPR evaluates the rate at which the variety of fees are established.

DPR Has Not Established Timeframes for Reviewing and Adjusting Fees to Achieve Cost Recovery

Although DPR is a government agency, it has chosen to charge for some of its services, rather than funding its operations entirely through tax revenue. This is common for parks and recreation

9 City and County of Denver Controller’s Office. Fiscal Accountability Rules. Establish parameters and internal controls for fiscal activities of the City and County of Denver. We utilized FAR 2.2 – Reconciliations, FAR 2.4 – Separation and Rotation of Duties, FAR 2.5 – Supporting Documentation, FAR 3.4 – Receipts and Deposits, and the Cash Handling Procedure associated with FAR 3.4 to determine the extent to which DPR’s fee assessment and collection practices align with internal control standards.
agencies. DPR's current cost recovery model was established through the Department’s Resource Allocation and Priorities Plan (RAPP), which was finalized in 2013.\footnote{City and County of Denver Department of Parks and Recreation. \textit{Resource Allocation and Priorities Plan} (June 2013). Recommends resource allocation and pricing strategies based on a model that prioritizes pricing strategies and cost recovery goals for DPR’s services based on the reach of associated benefits (individual benefits vs. community benefits). Services with mostly individual benefits have higher cost recovery goals than services with mostly community benefits.}

Cost recovery is a fiscal strategy by which an agency collects fees to offset some of the cost of providing programs and services. Cost recovery does not imply that all costs should be fully recovered; rather, the cost recovery philosophy recognizes that costs should be recovered at different rates depending on the extent to which the community may benefit from the program or service provided. The RAPP prioritizes cost recovery goals for DPR’s services in this way. Programs and services with mostly individual benefits, such as private athletic lessons, have been assigned higher cost recovery goals than services with mostly community benefits, such as providing landscaping services in Denver’s parks. Figure 3 illustrates the relationship between the breadth of service benefits and the degree to which costs are recovered. This is a simplified version of DPR’s cost recovery model, which is included in detail in Appendix B.

**FIGURE 3.** Department of Parks and Recreation Cost Recovery Model

In 2012, DPR conducted a cost recovery analysis on all its services as part of the development of the RAPP. Applying the principles from the cost recovery pyramid, as well as by identifying direct and indirect costs associated with DPR’s services, DPR created a master list of fees for everything from recreation center memberships to permit fees for using event spaces. This comprehensive exercise has not been conducted again since the initial work was performed. One exception to this was in 2016, when DPR performed a cost recovery analysis on fees for athletic fields and three event facilities.

When asked why a more comprehensive fee assessment has not taken place again since 2012, DPR officials explained to auditors that they conduct some fee reviews when naturally prompted...
to do so. For instance, DPR personnel reviewed the fees associated with athletic field permits as part of the efforts currently underway to develop a new athletic field policy. Table 2 illustrates the timing of the most recent cost recovery analyses that DPR has conducted for its major parks permitting categories.

**TABLE 2. Parks Permitting Cost Recovery Analysis Timeline**

<table>
<thead>
<tr>
<th>Permit Type</th>
<th>Year of Most Recent Cost Recovery Analysis Conducted by DPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletic Fields/Tennis Courts</td>
<td>2016</td>
</tr>
<tr>
<td>Event Facilities (Central Park Pavilion, Chief Hosa Lodge, and Montclair Civic Building)</td>
<td>2012</td>
</tr>
<tr>
<td>Public Events</td>
<td>2012</td>
</tr>
<tr>
<td>Special Occasions</td>
<td>2012</td>
</tr>
<tr>
<td>Picnics</td>
<td>2012</td>
</tr>
<tr>
<td>Tournaments</td>
<td>2012</td>
</tr>
<tr>
<td>Temporary Vending</td>
<td>2012</td>
</tr>
</tbody>
</table>

*Source: Department of Parks and Recreation.*

Auditors believe that DPR’s fees should be reviewed for appropriateness on a regular basis. This is based on both best practice as well as guidance provided in the RAPP. Guidance from GAO on user fees states that agencies should substantively review their fees on a regular basis. In addition, the RAPP states that once a price is established, there may be a need to “periodically review” the price. Although the RAPP does not explicitly define how many years would constitute “periodic” in frequency, we contend that conducting an assessment five or more years after the previous assessment does not constitute periodic.

For more specific guidance about how frequently parks and recreation fees should be assessed under a cost recovery model, we looked to consulting firm GreenPlay, LLC. GreenPlay provides professional services for park, recreation, open space, and related agencies, including cost recovery and resource allocation services. In fact, GreenPlay was retained by DPR to assist in creating the RAPP. During an interview with one of GreenPlay’s senior consultants, we learned that there are no established guidelines for how frequently a cost recovery analysis should be conducted. However, the consultant recommended an analysis be performed by service area every three to five years, or more frequently if the community makeup or needs are changing rapidly. Denver would likely be characterized as changing rapidly, as DPR officials explained that the demand for permits has increased in recent years. As reported by DPR in the Mayor’s 2017

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Budget, the number of picnic permits issued by DPR increased from 1,900 in 2012 to 2,050 in 2016, representing an 8-percent increase.\textsuperscript{12} The GreenPlay consultant also noted that the frequency could be reduced over time should it become evident that cost recovery targets are being regularly met. In addition, services with high cost recovery expectations or that generate significant revenues could be analyzed on a more frequent basis. Finally, cost recovery analysis should occur any time a major restructuring of a program or service takes place so that fees can be adjusted accordingly.

When asked why DPR does not conduct a fee review periodically, officials stated that the Department would ideally like to conduct cost recovery analysis biennially. However, they emphasized that this would be an enormous undertaking given the volume of services that the organization provides. Officials highlighted the considerable amount of time and staff resources required to delineate fees for all services, identify both direct and indirect costs for each service provided, and divide services into various categories based on the range of community and individual benefits. The GreenPlay consultant verified the time-consuming nature of this activity.

In addition, DPR officials stated that PeopleSoft, the City’s current system of record, does not effectively track the cost accounting information that they would need to conduct a cost recovery analysis. They noted that workarounds to obtain the cost accounting information are time consuming. Finally, DPR officials cautioned that there are contextual considerations that must be considered regarding fees, including the overall political environment and stakeholder perspectives on the extent to which fees should cover the cost of services rendered. DPR officials acknowledged that some of their fees are currently either not meeting cost recovery goals or are substantially lower compared to market rates.

Auditors recognize that a comprehensive fee review will be time consuming. Even cost recovery experts caution that cost recovery is a very complex subject.\textsuperscript{13} However, without assessing the cost recovery of parks permitting fees on a periodic basis, DPR is limited in its ability to ensure that parks permitting fees are set at an optimal level to meet DPR’s cost recovery goals. If fees are not meeting the cost recovery goals, the economic sustainability of DPR’s programs and services could be negatively impacted.

**RECOMMENDATION 1.4**

The Executive Director of the Department of Parks and Recreation should create and adhere to a policy that defines periodic timeframes for conducting cost recovery analysis to determine whether fees collected are meeting the cost recovery goals established in the Resource Allocation and Priorities Plan.

**Agency Response: Agree, Implementation Date – December 31, 2018**

\textsuperscript{12} Auditors were unable to validate DPR’s estimated permits reported in the Mayor’s 2017 Budget because DPR did not retain legacy data prior to 2015 when the Department implemented a new information system.

The Parks Permitting Program Recently Enhanced the Transparency of its Procedures, and Related Efforts Are Still Under Way

In assessing the efficiency and effectiveness of the process by which members of the public obtain permits to use City parks and other recreational and event facilities, we found that a number of recent improvements have enhanced transparency. Parks Permitting management has put in place policies, procedures, and work tools to help ensure that staff issue permits in a consistent and efficient manner. These detailed documents are reviewed on a regular basis, and employees receive timely and relevant training. However, efforts are still under way to ensure alignment with the law.

Recent Review by Permit Administrator Revealed Inaccuracies and Lack of Clarity in Parks Permitting Protocols

In 2015, the Permit Administrator began a comprehensive review of park use and permitting rules, regulations, and policies to ensure that customers have accurate and clear information. Specifically, the Permit Administrator examined relevant provisions of the Denver Revised Municipal Code (D.R.M.C.), Parks Rules and Regulations, supplemental rules, and other policies that affect park use and permitting. These are policies related to alcohol consumption, co-sponsored events, and events that charge an admission fee.

As a result of this review, the Permit Administrator found that some of the Department’s supplemental rules did not accurately reflect the Parks Permitting program’s actual practices. For example, previously published supplemental rules for use of Cheesman Park stated that amplified sound was prohibited. However, this provision conflicted with DPR’s practice of allowing amplified sound in all City parks.

Additionally, the Permit Administrator found that rules governing park use and permitting were not communicated in a manner that could be readily understood by the public. For example, a wide range of rules and logistical information was previously published as part of a lengthy 13-page permit application. The Permit Administrator determined that this approach to conveying the information made it difficult and time consuming for customers to ascertain which provisions applied to their specific facts and circumstances.

Recent Improvements to Parks Permitting Rules Promote Consistency and Transparency

As a result of the Permit Administrator’s comprehensive review, DPR has taken several steps to ensure that the Parks Permitting program’s policies, desk procedures, and work instructions are appropriately aligned and streamlined. This was apparent in four areas—comprehensive policies for high-demand permits; consistent processes and instructions for frontline personnel; updated policies and procedures that reflect current administrative practices; and regular training for program staff.

Comprehensive Policies for High-Demand Permits—In October 2016, DPR adopted a Public Event Policy to help facilitate outdoor public events in City parks while safeguarding the parks and rights of residents to access and use the parks. The promulgation of this policy consolidates and outlines permitting and operational procedures, requirements, restrictions, conditions, and rules and regulations under which outdoor public events
may be scheduled and held. This guidance consolidates all relevant information about public events in one place rather than requiring consultation of multiple sources. Additionally, DPR management told auditors that they are also developing a similar comprehensive policy to formalize, consolidate, and clarify athletic permit practices for the public, since athletic fields and courts, like public events, have high demand and generate a large percentage of DPR’s permit revenue. According to the Permit Administrator, a comprehensive athletic policy will be finalized in November 2017, with the goal of implementing the policy for the 2018 spring-summer athletic season.

RECOMMENDATION 1.5

The Executive Director of the Department of Parks and Recreation should ensure the timely completion and implementation of the comprehensive athletic policy to provide accurate and transparent information about the permitting process for these facilities and amenities available to the public.

Agency Response: Agree, Implementation Date – December 31, 2017

Documented Processes and Instructions Seek to Promote Consistency and Efficiency—In conjunction with comprehensive policies, the Permit Administrator developed a series of desk procedures that define key processes for Parks Permitting employees to follow when issuing permits. The Permit Administrator also provides frontline staff with detailed work instructions about how to accomplish specific tasks, including those related to permit processing timeframes, park and event facilities requirements, and associated fees. Additionally, in 2014, the Permit Administrator started requiring all frontline staff to maintain a color-coded flip chart that contains a standardized set of desk procedures and work instructions. The program staff are encouraged to modify these flip-charts to include guidance that is specific to their designated areas of responsibility. In addition to the flip-charts, the Permit Administrator maintains extensive guidance that is accessible to all Parks Permitting personnel on the Parks Permitting folder on DPR’s shared computer network drive.

Policies and Procedures Are Being Updated for Alignment with Practice—To ensure that administrative policies and procedures reflect current administrative practices, the Permit Administrator is periodically providing staff with updated policies, desk procedures, and work instructions and has committed to reviewing all program policies and procedures every three years.

Permitting Staff Receive Regular Training—The Permit Administrator routinely conducts training meetings to ensure that Parks Permitting staff understand and can execute their desk procedures and work instructions. For example, every year the Permit Administrator conducts multiple training meetings leading up to the opening for select event facilities, public event, and special occasion permit season. These training meetings ensure that the staff have the most up-to-date reference materials, including policies, rules, permit requirements, park closures, and park capacities. The

14 In accordance with Parks Permitting program policies, only the City Park Pavilion and the Washington Park Boathouse are subject to the November 1 open season. All other event facilities can be reserved online 1-year in advance of the event date at any time during the year.
training sessions are also designed to ensure that staff are fully prepared for the high volume of work associated with the season opening.

These practices are consistent with best management practices established by the Government Accountability Office (GAO) and the National Recreation and Parks Association (NRPA) Commission for Accreditation of Parks and Recreation Agencies (CAPRA).\(^\text{15,16}\) Having well-documented policies and procedures as well as accurate, detailed work instructions are critical for administering a program such as Parks Permitting.

In fact, during the audit, we observed a key permitting event, which was well organized and efficient, likely as a result of the strong practices in place. Specifically, the audit team observed the 2017 “opening day” for certain event facilities, public event, and special occasion permit season on November 1, 2016. The audit team noted that the Parks Permitting team communicated clearly and effectively, coordinated with other agencies to provide additional resources for the public, and successfully processed all the customer applications in just under four hours. According to Parks Permitting program staff, this year they completed processing permit applications much more quickly than on opening day in prior years, which usually lasted all day.

The Parks Permitting program first opened online event facility permit applications for “opening day” in 2015, which was made available two hours before the office opened. However, in 2016, as an incentive to attract more online applications, the Parks Permitting team opened the online applications at midnight. According to Parks Permitting staff, in 2016 more than 100 people applied for permits in the first hour that the event facility permit applications became available online. As a result of this new outlet, the number of people who came to the Parks Permitting office in person on November 1 decreased significantly compared to prior years, where the line of applicants typically wrapped around the building, with some applicants even camping out overnight to secure an optimal place in line.

In addition to the assurance we gained by observing the November 1 process, we also performed testing on a limited sample of permit transactions from 2015 and 2016. The results of our testing indicate that Parks Permitting staff appropriately processed and documented the selected permits. This indicates that the work practices described above appear to be effective.

Despite these recent improvements, we identified some areas of concern regarding the alignment of some Parks Permitting practices with City law.

**Some Parks Permitting Policies and Procedures Do Not Align with City Law**

During our review, we found that several Parks Permitting program policies and procedures do not align with applicable laws. Specifically, auditors noted discrepancies between Parks Permitting procedures and Chapter 39 of the D.R.M.C. This part of the City code governs public assemblies,

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\(^{15}\) GAO-14-704G. GAO internal control standards states that documentation is a critical component of an organization’s control environment. Specifically, the standards emphasize the importance of developing and maintaining documentation that communicates information that is critical to the effectiveness and efficiency of an organization operations.

\(^{16}\) National Recreation and Parks Association’s Committee for the Accreditation of Parks and Recreation Agencies, *National Accreditation Standards, Fifth Edition*, (July 2015). The CAPRA standards list requirements for obtaining accreditation related to operation and service. Such include emphasis on documenting policies and procedures to increase efficiencies of operation.
amplified sound, cancellation fees, and historical preference. For illustrative purposes, we noted the following two discrepancies:

- The D.R.M.C. specifies that public assemblies are permissible if the applicant obtains a permit. Additionally, this section defines the assembly as 50 or more persons and stipulates certain requirements to be included on the permit application.\(^\text{17}\) However, we found that the Parks Permitting program allows a public assembly to be held with fewer than 50 persons and in any park without a permit.

- The D.R.M.C. specifies that cancellation fees shall be assessed when a permit holder for a Private Outdoor Fee-Based Activity (POFA) cancels the activity.\(^\text{18}\) However, we found that Parks Permitting does not issue cancellation fees for POFA permit cancellations.

See Appendix C for additional details on the discrepancies between program policies and procedures and applicable laws identified during this audit.

Deviations from the law, however minor, are not inconsequential. In fact, government standards promulgated by the U.S. Government Accountability Office (GAO) specify that objectives related to compliance with applicable laws and regulations are very significant.\(^\text{19}\) Laws and regulations often prescribe a government entity’s objectives, structure, methods to achieve objectives, and reporting of performance relative to achieving objectives. Thus, it is important for Parks Permitting program practices to conform to City law.

Many of DPR’s permitting-related policies and procedures are codified in the D.R.M.C. Therefore, when program staff implement changes to administrative practices, there can be misalignment between policies, procedures, and the D.R.M.C. until a corresponding ordinance change is submitted to City Council for approval. DPR officials explained to the audit team that, during the development of the Public Event Policy, the Department and the City Attorney’s Office identified several areas of misalignment between program policies, procedures, and the D.R.M.C. However, officials stated that personnel turnover within the City Attorney’s Office contributed to the delayed reconciliation. Currently, DPR is working with the City Attorney’s Office to establish alignment between the D.R.M.C. and program policies and procedures more broadly, including resolving areas of conflict and eliminating areas of duplication. When asked about the targeted completion date for this effort, DPR officials remarked that the timeline for completion is largely dependent upon the availability of personnel from City Attorney’s Office. However, the Department is committed to completing this effort by July 2017.

\(^{17}\) D.R.M.C. Chapter 39, §§39-75, 76 (a) and 77 (c).
\(^{18}\) D.R.M.C. Chapter 39, §39-121 (20) d.
\(^{19}\) United States Government Accountability Office. *Standards for Internal Control in the Federal Government.* GAO-14-704G (Washington, D.C.: Sep. 10, 2014). In the government sector, objectives related to compliance with applicable laws and regulations are very significant. Laws and regulations often prescribe a government entity’s objectives, structure, methods to achieve objectives, and reporting of performance relative to achieving objectives. Management considers objectives in the category of compliance comprehensively for the entity and determines what controls are necessary to design, implement, and operate for the entity to achieve these objectives effectively.
Without consistency between DPR policies and procedures and legal requirements, discrepancies between program practices and the D.R.M.C. could lead to public confusion and perception of inequity and may put the City at risk for legal action.

**RECOMMENDATION 1.6**

The Executive Director of the Department of Parks and Recreation should evaluate current and future Parks Permitting policies and procedures to ensure the timely alignment of program policies and procedures with the Denver Revised Municipal Code and other applicable laws.

*Agency Response: Agree, Implementation Date - July 31, 2017*
RECOMMENDATIONS

We make the following recommendations to DPR to improve efficiency and effectiveness of Parks Permitting program operations:

1.1 **Program Goal**—The Executive Director of the Department of Parks and Recreation should revise the Parks Permitting program goal to make it outcome-oriented, and consistent with the Department’s mission, reflect a commitment to customer satisfaction and quality service delivery.

   **Agency Response: Agree, Implementation Date - September 30, 2017**

   The Department has been working on establishing clear goals for the Department and each of its divisions since the first quarter of 2016. The Department is refining the process and plans to review and revise goals as needed on an annual basis. As a result, Parks Permitting program goals for 2018 will be completed as a component of the 2018 budget process.

1.2 **Performance Measures**—The Executive Director of the Department of Parks and Recreation should develop a suite of balanced performance measures that will allow DPR to monitor data trends and assess programmatic performance against targets linked to organizational goals and objectives.

   **Agency Response: Agree, Implementation Date - September 30, 2017**

   The Department has been working on establishing meaningful performance measures for each of its divisions has been underway since the first quarter of 2016. The Department is refining the process and plans to review and revise performance measures as needed on an annual basis. As a result, Parks Permitting performance measures for 2018 will be completed as a component of the 2018 budget process.

1.3 **Customer Satisfaction**—The Executive Director of the Department of Parks and Recreation should strengthen its evaluation of customer satisfaction by systematically collecting and analyzing information about the quality of all Parks Permitting program services and facilities from the user perspective and regularly use this information to improve program operations and the customer experience.

   **Agency Response: Agree, Implementation Date - December 31, 2017**

   A systematic process to obtain and analyze customer satisfaction is already in place for the major permit types that are issued. The process will be expanded to include the remaining permit types by the end of the year. The Department will also continue to evaluate the metrics used to evaluate customer satisfaction and revise them as necessary to improve the validity of the results.
1.4 **Cost Recovery**—The Executive Director of the Department of Parks and Recreation should create and adhere to a policy that defines periodic timeframes for conducting cost recovery analysis to determine whether fees collected are meeting the cost recovery goals established in the Resource Allocation and Priorities Plan.

**Agency Response: Agree, Implementation Date - December 31, 2018**

The Department of Parks and Recreation agrees that a cost recovery analysis should be performed on a regular basis, but does not agree that this should be a formal policy. The complexity and scope of the task, available resources, inadequate city-wide cost accounting infrastructure, and other Departmental priorities restrict the Department’s ability to perform this analysis on an optimal frequency. As a result, the Department will complete a cost recovery analysis by the end of 2018 and endeavor to perform a cost recovery analysis every 2 to 3 years.

1.5 **Policies and Procedures**—The Executive Director of the Department of Parks and Recreation should ensure the timely completion and implementation of the comprehensive athletic policy to provide accurate and transparent information about the permitting process for these facilities and amenities available to the public.

**Agency Response: Agree, Implementation Date - December 31, 2017**

The Department has been working on developing Rules and Regulations for athletic permits since the fourth quarter of 2016 and is targeting the end of 2017 for their formal adoption.

1.6 **Policies and Procedures (Alignment with Applicable Laws)**—The Executive Director of the Department of Parks and Recreation should evaluate current and future Parks Permitting policies and procedures to ensure the timely alignment of program policies and procedures with the Denver Revised Municipal Code and other applicable laws.

**Agency Response: Agree, Implementation Date - July 31, 2017**

During the extensive process of developing Rules and Regulations for public events, the Department and the City Attorney’s Office identified revisions to the Denver Revised Municipal Code that were needed to ensure alignment with the Rules and Regulations. Personnel turnover in the City Attorney’s office delayed implementation of the revisions. We have since resumed the work and expect all revisions to be completed by July 31, 2017.
APPENDICES

Appendix A – Park Permits, by Type

As shown in Table 3, the Department of Parks and Recreation Parks Permitting program issues 11 different types of permits. There are specific instructions for processing each permit type with variable levels of complexity.

**Table 3. Park Permits, by type**

<table>
<thead>
<tr>
<th>Permit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletic</td>
<td>Reserves athletic fields for a variety of uses, including lacrosse, rugby, tennis, baseball, softball, soccer, football, ultimate Frisbee, and kickball.</td>
</tr>
<tr>
<td>Admission-based</td>
<td>Reserves parks or facilities for activities that will charge a fee for admission or entrance.</td>
</tr>
<tr>
<td>Assembly</td>
<td>Reserves parks or facilities for public assemblies that have as their primary purpose the communication of ideas to the public-at-large, such as picketing, speech making, marching, or holding vigils.</td>
</tr>
<tr>
<td>Co-sponsored</td>
<td>Reserves parks or facilities for activities that will be co-sponsored by the City and County of Denver.</td>
</tr>
<tr>
<td>Film</td>
<td>Reserves parks or facilities for filming activities.</td>
</tr>
<tr>
<td>Picnic</td>
<td>Reserves picnic sites for family occasions, corporate picnics, or any other invitation-only event.</td>
</tr>
<tr>
<td>Private outdoor fee-based activities (POFA)</td>
<td>Reserves parks or facilities for classes, clinics, camps, guided activities, programs, programs, or related services – generally of a recreational nature – that is organized and offered by an individual or organization for which a payment, fee, or other consideration is expected to be made. A POFA may be invitation-only or open to the public.</td>
</tr>
<tr>
<td>Public events</td>
<td>Reserves parks or facilities for events that are open to the public, such as public races, walks, or festivals.</td>
</tr>
<tr>
<td>Rental facilities</td>
<td>Reserves select event venues – Central Park Pavilion, Chief Hosa Lodge, City Park Pavilion, James Fleming Mansion, Montclair Civic Building, and Washington Park Boathouse.</td>
</tr>
<tr>
<td>Special occasion</td>
<td>Reserves parks or facilities for private or invitation-only events, such as weddings or family reunions.</td>
</tr>
<tr>
<td>Temporary vending</td>
<td>Required to sell food and non-alcoholic beverages at designated sites for licensed, stationary food vendors.</td>
</tr>
</tbody>
</table>

Source: Department of Parks and Recreation.

Note: Site capacities vary from 25 to 150 people for picnic sites and shelters in the City. However, all groups over 25 people are required to have a permit or reserve the site for a permit holder’s exclusive use.
Appendix B – Department of Parks and Recreation Cost Recovery Model

Cost recovery is a fiscal strategy by which an agency collects fees to offset some of the cost of providing programs and services. As previously discussed in this report, cost recovery does not imply that all costs should be fully recovered. Rather, the cost recovery philosophy recognizes that costs should be recovered at different rates depending on the extent to which the community may benefit from the program or service provided.

In 2013, DPR established its current cost recovery model through the Department’s Resource Allocation and Priorities Plan (RAPP). As shown in Figure 4, the RAPP contains a cost recovery pyramid that recommends resource allocation and pricing strategies based on a model that prioritizes pricing strategies and cost recovery goals for DPR’s services based on the reach of associated benefits (individual benefits vs. community benefits). Services with mostly individual benefits have higher cost recovery goals than services with mostly community benefits.

**FIGURE 4.** Department of Parks and Recreation Cost Recovery Pyramid

Source: Department of Parks and Recreation’s Resource Allocation and Priorities Plan.
Appendix C – Discrepancies Between the Denver Revised Municipal Code and the Department of Parks and Recreation’s Parks Permitting Policies and Procedures

As discussed earlier in the report, we found that several Parks Permitting program policies and procedures do not align with applicable laws. Specifically, auditors noted discrepancies between DPR Parks Permitting procedures and D.R.M.C. Chapter 39. This part of the City code governs public assemblies, amplified sound, cancellation fees, and historical preference.\(^{20}\) Table 4, provides details about the discrepancies between program policies and procedures and applicable laws identified during this audit.

**Table 4. Select Discrepancies Between the Denver Revised Municipal Code and Department of Parks and Recreation Policies and Procedures**

<table>
<thead>
<tr>
<th>D.R.M.C. Section</th>
<th>D.R.M.C. Summary</th>
<th>DPR Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.R.M.C. Chapter 39, § 39-75, 76 (a) and 77 (c)</td>
<td>This section states assemblies of 50 or more persons are allowed in parks if they have a permit. Additionally, these sections require an assembly permit applicant to submit an extensive list of information.</td>
<td>However, assemblies can be held without a permit as well. The Parks Permitting program will issue permits for assemblies of fewer than 50 people if the organizer wishes to reserve a park or site for the assembly. Further, they do not need to submit all the information listed in Section 39-77.</td>
</tr>
<tr>
<td>D.R.M.C. Chapter 39, § 39-62</td>
<td>This section permits events using sound amplification in City Park and The Civic Center and in all other parks by City Council resolution.</td>
<td>However, sound amplification is permissible in all parks if the sound is under the required decibels.</td>
</tr>
<tr>
<td>D.R.M.C. Chapter 39, § 39-121, (20) d</td>
<td>D.R.M.C. 39-121(20) (d) prescribes application and cancellation fees.</td>
<td>However, the Parks Permitting program does not issue a cancellation fee. The fees for POFA permits are clearly described on the Parks Permitting website and in any materials the program distributes to customers.</td>
</tr>
<tr>
<td>D.R.M.C. Chapter 39, § 39-73 (a) (1.5)</td>
<td>This section defines &quot;historic usage events&quot; as those where the same applicant has been granted a permit for more than two consecutive years.</td>
<td>However, the Public Event Policy states that in 2016, if a permitee holds an event at the same park on the same date for 3 consecutive years, they will receive historical priority.</td>
</tr>
</tbody>
</table>

*Source: City and County of Denver Auditor’s Office analysis of the Denver Revised Municipal Code, Chapter 39 and Department of Parks and Recreation Policies and Procedures.*

\(^{20}\) See Appendix A for full descriptions of the discrepancies between the Parks Permitting program administrative practices and the D.R.M.C. Chapter 39 sections.
April 10, 2017

Auditor Timothy O’Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80202

Dear Mr. O’Brien,

The Office of the Auditor has conducted a performance audit of the Department of Parks and Recreation Parks Permitting Program.

This memorandum provides a written response for each reportable condition noted in the Auditor’s Report final draft that was sent to us on March 17, 2014. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING
The Parks Permitting Program Can Do More to Understand Customer Satisfaction, Ensure Optimal Cost Recovery, and Promote Transparency

RECOMMENDATION 1.1
Program Goal—The Executive Director of the Department of Parks and Recreation should revise the Parks Permitting program goal to make it outcome-oriented, and consistent with the Department’s mission, reflect a commitment to customer satisfaction and quality service delivery.

<table>
<thead>
<tr>
<th>Agree or Disagree with Recommendation</th>
<th>Target date to complete implementation activities (Generally expected within 60 to 90 days)</th>
<th>Name and phone number of specific point of contact for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>September 30, 2017</td>
<td>Fred Weiss 720-913-0735</td>
</tr>
</tbody>
</table>

Narrative for Recommendation 1.1
The Department has been working on establishing clear goals for the Department and each of its divisions since the first quarter of 2016. The Department is refining the process and plans to review and revise goals as needed on an annual basis. As a result, Parks Permitting program goals for 2018 will be completed as a component of the 2018 budget process.

RECOMMENDATION 1.2
Performance Measures—The Executive Director of the Department of Parks and Recreation should develop a suite of balanced performance measures that will allow DPR to monitor data trends and assess programmatic performance against targets linked to organizational goals and objectives.

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Narrative for Recommendation 1.2
The Department has been working on establishing meaningful performance measures for each of its divisions has been underway since the first quarter of 2016. The Department is refining the process and plans to review and revise performance measures as needed on an annual basis. As a result, Parks Permitting performance measures for 2018 will be completed as a component of the 2018 budget process.

RECOMMENDATION 1.3
Customer Satisfaction—The Executive Director of the Department of Parks and Recreation should strengthen its evaluation of customer satisfaction by systematically collecting and analyzing information about the quality of all Parks Permitting program services and facilities from the user perspective and regularly use this information to improve program operations and the customer experience.

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<tr>
<td>Agree</td>
<td>December 31, 2017</td>
<td>Fred Weiss 720-913-0735</td>
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Narrative for Recommendation 1.3
A systematic process to obtain and analyze customer satisfaction is already in place for the major permit types that are issued. This process will be expanded to include the remaining permit types by the end of the year. The Department will also continue to evaluate the metrics used to evaluate customer satisfaction and revise them as necessary to improve the validity of the results.

RECOMMENDATION 1.4
Cost Recovery—The Executive Director of the Department of Parks and Recreation should create and adhere to a policy that defines periodic timeframes for conducting cost recovery analysis to determine whether fees collected are meeting the cost recovery goals established in the Resource Allocation and Priorities Plan.
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<tr>
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<td>December 31, 2018</td>
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</table>

**Narrative for Recommendation 1.4**
The Department of Parks and Recreation agrees that a cost recovery analysis should be performed on a regular basis but does not agree that this should be a formal policy. The complexity and scope of the task, available resources, inadequate city-wide cost accounting infrastructure, and other Departmental priorities restrict the Department’s ability to perform this analysis on an optimal frequency. As a result, the Department will complete a cost recovery analysis by the end of 2018 and endeavor to perform a cost recovery analysis every 2 to 3 years.

**RECOMMENDATION 1.5**
**Policies and Procedures**—The Executive Director of the Department of Parks and Recreation should ensure the timely completion and implementation of the comprehensive athletic policy to provide accurate and transparent information about the permitting process for these facilities and amenities available to the public.

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**Narrative for Recommendation 1.5**
The Department has been working on developing Rules and Regulations for athletic permits since the fourth quarter of 2016 and is targeting the end of 2017 for their formal adoption.

**RECOMMENDATION 1.6**
**Policies and Procedures (Alignment with Applicable Laws)**—The Executive Director of the Department of Parks and Recreation should evaluate current and future Parks Permitting policies and procedures to ensure the timely alignment of program policies and procedures with the Denver Revised Municipal Code and other applicable laws.

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<tr>
<td>Agree</td>
<td>July 31, 2017</td>
<td>Fred Weiss 720-913-0735</td>
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**Narrative for Recommendation 1.6**
During the extensive process of developing Rules and Regulations for public events, the Department and the City Attorney’s Office identified revisions to the Denver Revised Municipal Code that were needed
to ensure alignment with the Rules and Regulations. Personnel turnover in the City Attorney’s office delayed implementation of the revisions. We have since resumed the work and expect all revisions to be complete by July 31, 2017.

Please contact Fred Weiss at 720-913-0735 with any questions.

Sincerely,

Allegra “Happy” Haynes
Manager

cc: Valerie Walling, Deputy Auditor, CPA, CMC
Katja Freeman, Audit Manager, MA, MELP
LaKesha Allen Horner, MPA, Audit Supervisor